

United States Department of Agriculture  
Agricultural Adjustment Administration  
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The Salient Facts on Parity Payments

1. The Agricultural Adjustment Act of 1938, approved February 16, 1938, authorized and directed the Secretary of Agriculture to make parity payments to producers of corn, wheat, cotton, rice or tobacco, if and when appropriations were made therefor.

2. In line with this authorization, the Price-Adjustment Act of 1938, approved June 21, 1938, appropriated \$212,000,000 for parity payments to be made to producers of wheat, cotton, corn (in the commercial corn-producing area), tobacco, and rice.

3. This sum is to be apportioned among these commodities on the following basis: one-half of it on the basis of the amount by which each commodity fails to reach the parity income for that commodity; and one-half on the basis by which funds are apportioned among these same commodities under the 1939 Agricultural Conservation Program.

4. With respect to any farm, parity payments for any commodity will be made only upon the normal yield of the farm acreage allotment established for that commodity under the 1939 Agricultural Conservation Program, and only in the event that the acreage planted to that commodity for harvest in 1939 does not exceed the farm acreage allotment established under the Program. (Hence, no parity payment for any commodity can be made until after the acreage planted for harvest under the 1939 Agricultural Conservation Program has been checked.)

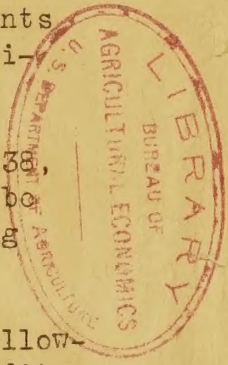
5. In determining parity price and farm price for any commodity, the period from the beginning of the marketing year for the commodity concerned to January 31, 1939, is to be used. (Hence, no payments can possibly be made until after January 31, 1939 even though acreage compliance for winter wheat, for instance, might be checked before that time.)

6. The rate of payment for any commodity is not to exceed the difference between the average farm price and 75 percent of the parity price. No payment will be made on a commodity if the average farm price is 75 percent or more of the parity price. (On this basis, with the possible exception of one or two types, payments are not likely to be made on tobacco this year.)

7. Preliminary estimates made in November 1938 indicate that the rate of payment for the commodities other than tobacco will likely fall within the following ranges:

Cotton: 1.6¢ - 1.8¢ per pound    Wheat: 10. ¢ - 12. ¢ per bushel  
Corn: 5. ¢ - 6. ¢ per bushel    Rice: 12. ¢ - 13. ¢ per Hundredweight

8. Exact, final figures will not be available before February, 1939.



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